

Message Text

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PAGE 01 OTTAWA 01949 171957Z

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ACTION COME-00

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TAGS: BFOL, CA, US

SUBJECT: MAJOR TRADE OPPORTUNITY: PROJECTED TAPER ROLLER
BEARING PLANT, SAINT JOHN, NEW BRUNSWICK

REF: STATE A-4119, MAY 10, 1973

PASS EXIMBANK

1. WILLIAM ANDERSON DEVELOPMENT CONSULTANTS LIMITED,
SUITE 606, 130 ALBERT STREET, OTTAWA, ONTARIO K1P 5G4,
TELEPHONE 613-232-7292, HAVE INQUIRED OF US ABOUT
POSSIBILITY OF EXIMBANK FINANCING OF MORE THAN
\$20 MILLION WORTH OF MACHINERY AND EQUIPMENT FOR
A TOTALLY AUTOMATED TIMKEN PROCESS SIX-LINE TAPER
ROLLER BEARING PLANT TO BE ESTABLISHED IN SAINT JOHN,
NEW BRUNSWICK.

2. ACCORDING TO ANDERSON, WHOM WE CALLED ON TODAY,
TOTAL CAPITAL REQUIREMENT FOR PROJECT IS ABOUT
\$42 MILLION. ANDERSON HAS BEEN ENGAGED TO
ARRANGE FINANCING, PROCESS LOAN AND GRANT
APPLICATIONS TO FEDERAL AND NEW BRUNSWICK
DEVELOPMENT AGENCIES AND EVENTUALLY ACT AS SALES
MANAGER FOR THE ENTERPRISE. ANDERSON TOLD US
HE HAS APPLIED TO DEPARTMENT OF REGIONAL ECONOMIC
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PAGE 02 OTTAWA 01949 171957Z

EXPANSION (DREE) FOR A \$12.3 MILLION GRANT PLUS

LOAN GUARANTEES AND TO NEW BRUNSWICK DEVELOPMENT CORPORATION FOR THE SAME ORDER OF ASSISTANCE VIA LOAN GUARANTEES. HE SAID DREE REGULATIONS REQUIRE APPLICANTS TO ESTABLISH \$12.3 MILLION EQUITY POSITION, WHICH ANDERSON SAID HE IS SEEKING PRIMARILY VIA CANADIAN PARTICIPATION BUT ALSO FOREIGN PARTICIPATION, SUCH AS ITALIAN, IF FINSIDER SHOULD PROVE TO BE SUPPLIER OF STEEL TUBING FOR BEARING MANUFACTURE.

3. ANDERSON SEES TIME-TABLE AS FOLLOWS: TWO YEARS FROM NOW FOR SITE CONSTRUCTION AND INITIAL INSTALLATION OF MACHINERY AND THREE MORE YEARS FOR COMPLETION OF SIX AUTOMATED LINES AND ACHIEVEMENT OF "FLAT OUT" PRODUCTION. HE ENVISAGES EVENTUAL SALES OF 35 MILLION SETS OF BEARINGS PER ANNUM, TOTAL EMPLOYMENT OF 611 PRODUCTION AND MANAGEMENT PERSONNEL BY END OF YEAR FIVE. HE IS NOW COMMENCING MARKETING RESEARCH, INCLUDING, OF COURSE, EXPORT MARKETING. NAME OF ENTERPRISE, HE SAID, WILL BE FDW TAPER ROLLER BEARINGS CANADA LIMITED.

4. ANDERSON SHOWED US LISTS AND LAYOUT OF CUP, CONE, RETAINER AND ROLLER PRODUCING MACHINERY AND EQUIPMENT, SUCH AS CUP GREENING MACHINES, GRINDERS, CUP HEAT TREATMENT, RETAINER LINES, ETCETERA, ALL OF WHICH HE CONTEMPLATES PURCHASING IN THE UNITED STATES, I.A., FROM CINCINNATI AND NATIONAL, AND ASKED ABOUT POSSIBILITY OF EXIMBANK LOANS OR CREDITS FOR THESE PURCHASES. COMMERCIAL COUNSELOR BRIEFLY DWSCRIBED EXIMBANK FACILITIES AND LEFT WITH ANDERSON EXPLANATORY LITERATURE, SUGGESTING THAT HE MIGHT WISH TO TELEPHONE GEORGE DIETZ, DON BOSTWICK, OR EVEN PRESIDENT, HENRY KEARNS.

5. WE SUGGESTED POSSIBILITY THAT, FOLLOWING RECEIPT OF THIS TELEGRAM, EXIMBANK MIGHT TAKE INITIATIVE TO GET IN TOUCH WITH HIM AND WE SO UNCLASSIFIED

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PAGE 03 OTTAWA 01949 171957Z

RECOMMEND.
JOHNSON

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